



Staff Report

RESOLUTION RECOMMENDING COMMITMENT TO THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY (SBWMA) CONTRACTOR SELECTION PROCESS

Honorable Mayor and Council Members:

Summary

Based on the presentation of recommendations by the SBWMA Board for future solid waste, recycling and organics collections programs and future agreements, it is recommended that the City Council:

1. Express the Council's acceptance of the SBWMA's offer to manage the competitive contractor selection process on behalf of the City of Belmont by adopting the attached resolution.
2. Affirm that the SBWMA's core package of services meet the City of Belmont's needs by delivering high-quality cost-effective programs and services that increase customer convenience, and increase diversion.
3. Review the SBWMA's optional programs and services that are intended to achieve higher levels of diversion or customer convenience and identify those in which the City of Belmont has particular interest subject to receipt of the actual additional costs for these services.

Background

The SBWMA (previously the South Bayside Transfer Station Authority) is a solid waste joint powers authority of 12 member agencies that are located on the eastern and southern portion of San Mateo County from Burlingame to Menlo Park and East Palo Alto. Originally, the Authority was established to help with the development of the San Carlos Transfer Station. In 2000, the Authority exercised its option to acquire this facility. While the City of Belmont has its own franchise agreement, the SBWMA works on behalf of its Member Agencies regarding the management of the agreements. In this case, the SBWMA is seeking to assist the Member Agencies through a coordinated competitive selection process. At the same time, the SBWMA is performing a competitive contractor selection process for operation of the Shoreway Recycling and Disposal Center.

The benefits to the City of Belmont of participating with other Member Agencies of the SBWMA include:

- Maintaining economies of scale in the future which can be achieved through one company providing services to more than one jurisdiction.
- Maintaining economies of scale in the future management of the collection agreements.
- Obtaining economies of scale in the contractor selection process.

In February 2006, the SBWMA established the Policy and Facilities (PAF) and Programs and Contract) PAC committees. From February through August 2006, these committees (with the support of SBWMA staff and consultants) held 16 meetings and reviewed over 50 agenda reports on alternative programs, facility arrangements, contract terms and selection processes. The Committees were guided by the following values:

- Ensure that the future contractor delivers cost-effective quality programs that will result in increased diversion (to achieve and sustain state mandated diversion goals) and customer convenience.
- Establish high standards for collection performance and customer service with corresponding liquidated damages for non-performance that can be easily measured and assessed.
- Achieve reasonable rates through: cost-effective program design; best management practices requirements; and, a competitive selection process.

An overview of the contractor selection process, including a schedule, was provided to the Council in May 2006, which identified seven milestones at which the City of Belmont Council would be asked for comments or decisions. The following are the member agency milestones:

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|--|------------------------|
| 1. Hear SBWMA's General Approach | Feb-Mar 2006 |
| 2. Commit to the process and approve programs and contract terms | January, 2007 |
| 3. Approve RFP and agreements | May-July 2007 |
| 4. Attend proposer presentations | February, 2008 |
| 5. Receive proposal summaries | Mar-Jun 2008 |
| 6. Approve selection of contractors | Oct-Dec 2008 |
| 7. Approve collection and operating agreements | May-June 2009 |
| Contractor(s) commence new services | January 1, 2011 |

In September 2006, a summary of the PAF and PAC committee recommendations were presented to the Council, prior to the vote at the SBWMA Board's meeting of October 26, 2006.

Discussion

The summary of the core and optional services (including estimated diversion impact and estimated rate impact), business terms and selection process recommended by the SBWMA Board are outlined in Attachment A. The actual rate impact will be a function of the

compensation requested by those companies which is based on certain operational and financial assumptions made by the companies and the competitiveness of the market at the time. Therefore, the actual impact may be different than that estimated.

The collection system currently servicing the Member Agencies residential customers is outdated and relatively inefficient. The recommended residential core programs will replace the current two-person refuse collection vehicles, collection of recyclables and yard waste every other week, refuse collection cans, recycling tubs, etc. Instead, with the SBWMA's recommended core programs, collection will occur weekly (for all materials) at the curb (with side/back-yard service for disabled customers and for others at an additional fee), with one-person automated collection vehicles, that will collect materials from carts that customers can roll (rather than have to be lifted). This will include recycling carts into which customers can place an expanded list of recyclables without separating them first, resulting in an estimated 20% - 30% increase in recycling volume. Optional residential programs available to the agency at an expected additional cost include: expanded on-call clean-ups of additional materials; community clean-up and e-waste events; curbside collection of used oil and filters as well as household batteries; residential food waste collection; and, alternative fuel vehicles.

The current refuse collection from multi-family customers is less outdated and SBWMA's challenge has focused primarily, but not exclusively, on improving diversion from these customers in order to meet the State diversion mandates. Instead of waiting for multi-family and commercial customers to request recycling services, the SBWMA core programs will roll out more aggressive outreach and technical assistance to encourage recycling). For those customers downtown with space constraints, shared recycling bins will be provided. On-call collection services of bulky waste as well as the increasing variety of special wastes (e-waste, universal waste, etc.) will be offered to customers. As SBWMA optional programs: recycling assistance and containers will be provided to all multi-family complexes; similarly, site visits to larger customers and telephone assistance for others will be available to commercial customers; and the collection of materials separated into wet and dry waste streams (that afford the opportunity to divert more material from landfill disposal) may be provided. Also, as an option, proposers will be requested to provide alternative fuel vehicles.

The current contract terms are also recommended for revision. The recommended collection contract term of seven (7) years may be extended to as much as 20 years based on the contractor's satisfactory performance, at the Member Agency's sole discretion. The contractor's compensation will place greater risk on the contractor (limiting increases in costs by certain indices) while allowing for periodic reviews of detailed costs.

Rates for collection services will continue to be set by each Member Agency. Additional areas of service (e.g., customer service call center) will be subject to performance standards and liquidated damages for failure to perform and the assessment of all liquidated damages will be made less cumbersome.

In order to create the most competitive procurement environment possible: the Shoreway Recycling and Disposal Center operating agreement proposals will be separate from the

collection proposals; companies can propose on one or both of two collection districts; and, discounts will be identified if one company gets both districts and/or one or more districts plus the operating agreement.

General Plan/Vision Statement

There is no impact from this report.

Fiscal Impact

The fiscal impact will not be determined until the RFP process has been completed and a new agreement is entered into between the SBWMA and a collector.

Public Contact

The Council agenda was posted.

Recommendation

It is recommended City Council adopt a resolution for commitment to the South Bayside Waste Management Authority Contractor Selection Process.

Alternatives

1. Take no action.
2. Refer back to staff to investigate establishing own Solid Waste Division. This option would instruct staff to cost out the City collecting its own solid waste, recyclable pick-up and plant material pick-up. The City is still obligated to haul all material to the SBWMA facility and pay off the City's share of bonds for the SBWMA facilities per the Joint Powers Authority agreement.
3. Refer back to staff to develop our own Request for Proposal for solid waste, recyclable pick-up and plant material pick-up for a contractor to begin on January 1, 2011.

Attachments

- A. Resolution
- B. SBWMA Contractor Selection Process – Council Only

Respectfully submitted,

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City Manager

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RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
RECOMMENDING COMMITMENT TO THE SOUTH BAYSIDE WASTE
MANAGEMENT AUTHORITY (SBWMA) CONTRACTOR SELECTION PROCESS**

WHEREAS, the South Bayside Waste Management Authority (“Authority”) is a joint powers authority between the Cities of Belmont, Burlingame, East Palo Alto, Foster City, Menlo Park, Redwood City, San Carlos, and San Mateo; the Towns of Atherton and Hillsborough; the West Bay Sanitary Service; and, the County of San Mateo (“Member Agencies”); and,

WHEREAS, the Authority is planning to request and shall receive proposals for the collection, processing, and transfer of solid waste, recyclable materials, and organic materials within the jurisdiction of the Authority (“Contractor Selection Process”); and,

WHEREAS, the Board Members of the Authority desire to maintain the association of Member Agencies throughout the Contractor Selection Process so efficiencies associated with use of the same collection contractor(s) in the SBWMA service area will be realized for each Member Agency and its residents and businesses; and,

WHEREAS, the City of Belmont has reviewed the description of the Authority’s method for soliciting and evaluating proposals from companies interested in providing collection, processing, and transfer services to the Authority and its Member Agencies and the plan for selecting one or more contractor(s); and,

WHEREAS, the City of Belmont has reviewed the description of future collection programs and services to be provided to Member Agencies by the future collection contractor and the description of the future contract terms and conditions to be included in the future collection franchise agreements and in the future operating agreement for processing and transfer services;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont hereby approve this resolution acknowledging the following commitments to the Contractor Selection Process within the Authority’s service area:

- 1. Commitment to Participate in the Contractor Selection Process.** The City of Belmont desires to participate in the Contractor Selection Process within the Authority’s service area to select one collection company to provide future collection services to the City of Belmont, and to select one or more companies to provide processing and transfer services for solid waste, recyclable materials, and organic materials collected in the Authority’s service area.
- 2. Commitment to Future Programs and Contract Terms and Conditions.** The City of Belmont agrees that the programs, services, and contract terms and conditions described in the staff report meet the future needs of the City of Belmont.

3. Commitment to Method of Conducting the Contractor Selection Process. The City of Belmont agrees that the method, schedule and evaluation criteria for the contractor selection, described in the staff report, reasonably addresses the selection process requirements of the City of Belmont.

4. Agreement Not to Act Independently. The City of Belmont agrees not to independently solicit or entertain proposals, bids, or offers of service from companies interested in separately providing collection, processing, or transfer services to the City of Belmont.

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I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on January 23, 2007 by the following vote:

AYES, COUNCILMEMBERS: _____

NOES, COUNCILMEMBERS: _____

ABSTAIN, COUNCILMEMBERS: _____

ABSENT, COUNCILMEMBERS: _____

CLERK of the City of Belmont

APPROVED:

MAYOR of the City of Belmont